

Stop Spinning CPEC's Finances



Yasir Masood | CPEC-Centre of Excellence, Islamabad | December 30, 2018

<https://cpec-centre.pk/stop-spinning-cpecs-finances/>

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The China-Pakistan Economic Corridor (CPEC), since its inception, has been engulfed in perpetual slip-ups both on internal and external fronts. These slip-ups are being purported against the CPEC and China-Pakistan bilateral ties. The opposition of CPEC on various sets of juxtapositions, backed by far-fetched analyses, perhaps make some sense to its “critics”. But entrapping it with innovative, biased, or “planned” analyses by our very own critics (or “experts”) is surely no less than a sorry state of affairs.

Time and again, the Chinese Consulate, Ministry of Planning, and CPEC affiliated line ministries, including the CPEC-Centre of Excellence, have been promoting the true picture of CPEC, based on facts and figures for the furtherance of the true narrative amongst the masses in the best interests of both the nations. But it seems that some of our “experts” are bent on risking their country’s future – which significantly relies on CPEC — by

disseminating unusual analyses, particularly pertaining to CPEC finances and debts without knowing its true picture.

At this critical juncture, when the CPEC is about to take off, persistent, durable, pragmatic and workable measures are needed by Pakistan to secure it from all dimensions and corners. Spinning and twisting the facts and figures would only play into the hands of those who would never wish to see the CPEC up and running.

Amidst the “Hybrid Warfare”, especially through social media, which is imposed upon CPEC from near and far, yet another piece, in line with the ongoing campaign against the CPEC, appeared in the local press last week. This piece focusing on CPEC’s debt burden — claiming it to be \$40 billion — by putting all the financial modalities of CPEC into one basket, was again way off the mark.

The Ministry of Planning Development and Reform, within no time, refuted the fudged and misleadingly calculated \$40 billion debt against CPEC. Although, it is imperative to break down the finances of CPEC. In this regard, the Chinese Consulate stepped up and further enlightened the reality of CPEC finances as under:

Details of CPEC Financing:

Thus far, 22 early harvest projects under CPEC have been completed or are under construction, with a total investment of \$18.9 billion. These projects aim at resolving two major bottlenecks hindering economic development of Pakistan, namely lack of transportation infrastructure and energy shortage. The financing details of 22 projects are as follows:

“The Chinese Government provided concessional loans of \$ 5.874 billion for Pakistan Government’s major transportation infrastructure projects, with a composite interest rate of around 2% in a repayment period of 20-25 years. The Pakistani government provides a sovereign guarantee for the above loans and will start the repayment from 2021.

Moreover, “the Chinese companies and their partners invested \$ 12.8 billion in energy projects in Pakistan. Among them, Chinese companies provide \$3 billion from their own equity. The rest \$ 9.8 billion is raised from commercial banks with an interest rate of about 5%. The repayment period is 12-18 years. All the CPEC energy projects are the investment in nature, which is purely dependent on individual business behaviour of these companies”, the document revealed.

“The companies are responsible for their own profits and losses and repayment of loans. The Pakistani government does not repay these loans under CPEC. The business cooperation between the two sides is in full compliance with internationally accepted business practices”, further clarified the document.

“The Chinese government provides interest-free loans for Expressway East Bay in Gwadar and provides a grant for some livelihood projects as well”, revealed by the document.

In addition, Pakistan’s Government has provided funding for the feasibility study of ML-1 upgradation.

“Therefore, Pakistan will repay only \$ 6.017 billion (Category I \$ 5.874 billion and Category III \$ 0.143 billion) and their interests to China.”

In the second phase of the CPEC, China and Pakistan are discussing how to use Chinese grant to implement new projects such as new Gwadar international airport, Gwadar vocational training center and friendship hospital, etc. Once the financial details are available, they will be shared.

During Prime Minister Imran Khan’s visit to China in November 2018, the two sides reaffirmed their commitment to CPEC and agreed to ensure the normal operation of the completed projects and the smooth completion of the on-going projects. The two sides also agreed to consult with each other on the future path and direction of CPEC, taking consideration of Pakistan’s priority of economic and social development and the demand of Pakistani people.

On December 20th, 2018, China and Pakistan successfully held the 8th Joint Cooperation Committee (JCC) meeting of CPEC in Beijing and decided to set up a socio-economic joint working group under the rubric of CPEC.

It was also agreed that “the Chinese side will provide more support to the people’s livelihood projects such as education, agriculture, poverty alleviation, health care and vocational training.” Furthermore, both sides signed an MOU on industrial cooperation and agreed to jointly promote the construction of Special Economic Zones (SEZs). The CPEC expansion with focused priorities is already charted by the Government of Pakistan along with the due consultation of the Chinese side.

The Chinese Consulate on its part has been regularly revealing and educating about the CPEC as a “game-changer” concept. Similarly, there is a consensus amongst the Pakistani masses including all the Government bodies, Military forces, Political parties and the rest of the segments of the society are fully cognizant of this ongoing “Hybrid Warfare” against the CPEC and firmly supporting it to secure our national interest.